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SUBJECT: CAMBODIA TRANSFORMATIVE DEVELOPMENT NOTED BY STAFFDEL

REF: (A) Phnom Penh 74 (B) Phnom Penh 56

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1. (SBU) Summary: Cambodia's significant economic and political developments were highlighted by a visiting Senate State Foreign Operations Subcommittee staff delegation led by Paul Grove January 12-14. Grove, Minority Clerk of the Senate Subcommittee on State, Foreign Operations and Related Programs, Committee on Appropriations, served as IRI representative in Cambodia from 1994 to 1996, and has maintained civil society contacts in the country since that time. Grove, who met PM Hun Sen during the visit (Ref A), saw signs of maturation and increased space in both the economic and political fields presenting "new opportunities". However, the interlinked problems of corruption and of CPP's control of all organs of government were noted in both field visits and meetings with opposition figures in Phnom Penh. Michele Wymer, Minority Professional Staff Member of the Subcommittee, and Nikole Manatt, Majority Professional Staff Member of the Subcommittee, also participated in the visit -- which was well-timed as political parties begin gearing up for July national elections.

Developing Economy and Free Enterprise

2. (SBU) During his meeting with PM Hun Sen, Grove cited his previous day's experience at a Kampong Cham pig farmers' association as demonstrating both a growth and maturing of the Cambodian economy. Pig farmers told Grove that they had recently won a battle against unofficial fees and swine smuggling that was slowly squeezing out their small-scale enterprises. Local farmers who took part in a USAID MSME training project decided to form a business association in an effort to force the government to respond to police-abetted smuggling from Vietnam. Inspired by their achievement -- shared by our Public Affairs Office which used a recent Ambassadorial visit to the area highlighting the project to garner widespread media coverage that prompted the RGC to crackdown -- in getting a ban on the illegal importation of pigs, they then successfully tackled the high unofficial fees charged by local slaughterhouses. The Kampong Cham association is now advising counterparts from other provinces on how to do the same. (Note: Over the two years that the pig farmers have taken part in the USAID project, production and sales have increased by about 230 percent on average per farm.) Grove was struck by the increased civil space allowing the association effectively to bring their complaints to the government, and commented that this model of USAID technical assistance acting behind the scenes to empower associations to address the issues most important to them was an inexpensive but effective way to counter a culture of corruption.

Politics in Kampong Cham: SRP Up, FUNCINPEC Out

3. (SBU) Grove met with provincial-level officials from the

FUNCINPEC (FCP) and Sam Rainsy (SRP) parties. All made clear that politicking for the July 2008 national elections is already well underway. The FUNCINPEC officials nervously tried to explain away recent defections (Ref B) and highlight their "royalist" character, while wondering out loud if reconciliation with either Prince Ranariddh or the Sam Rainsy Party is possible. The Sam Rainsy officials expressed more confidence in their party's positioning and platform, but also discussed the possibility of forming a bridge to Kem Sokha's Human Rights party.

14. (SBU) The staffdel took note of the changing political landscape in the province where Ranariddh once held his National Assembly seat and the parties have each controlled five seats since 2003. Ranariddh had since split off to form his own Norodom Ranariddh Party (NRP) and local FCP chairman and MP Serei Kosal explained to the staffdel how FUNCINPEC was going to make a comeback in the July elections after a poor showing in the commune council elections. He argued that the "new" FUNCINPEC would attract royalists, with the more popular Princess Norodom Arunrasmeay as prime minister designate. The more modern FCP will address the needs of the people with a platform on corruption, land disputes, poverty, logging, illegal immigration and trafficking in persons, he said. Kosal described recent defectors to CPP as corrupt patrons of the prince set on gaining money. On funding, he said the party needed \$400,000 to run for five seats in Kampong Cham, and that the party would collect this from the people.

15. (SBU) SRP's lead parliamentarian Mao Monnyvong described the party's strong grassroots structure that reached down to the village level, saying that SRP and CPP were the only two forces in the province with 394 and 800 commune council seats, respectively. Joined by several other SRP party regulars, Monnyvong said that he expected some CPP tricks to divert voters in the upcoming election but that SRP was ready. He expected some vote buying. SRP was

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emphasizing a concrete policy platform that was attractive to the rural population. Instead of focusing on corruption, which did not feed farmers' families, they planned to target unemployment and jobs; the high prices of fertilizer, gasoline, and electricity; and better government service, he said. Some at the local level were interested in the Khmer Rouge Tribunal, but not many. If the trial were delayed, interest would flag, he observed. As the meeting continued, several more SRP members came in after having conducted youth rallies during the weekend day. Local party organization leader Nou Pisakha said that SRP was trying hard to attract the youth vote. (COMMENT: The group projected strength in numbers and confidence in the results they were achieving with their organizational work at the grass roots. END COMMENT.)

Sam Rainsy: Confident Going it Alone

16. (SBU) At the Sam Rainsy Party headquarters later in the day, SRP President Sam Rainsy related to the staffdel the strong support the party won in last April's commune council elections, with SRP winning 25 percent of the total vote and gaining almost an equal percentage of all commune council seats. The balance of power at the local level was now shifting to the SRP and the CPP. He did not see FCP regaining its strength. In many places, the people are now turning to the SRP to solve their problems, he said. On former FCP leaders, he said Ranariddh was "too greedy" and Sirivudh "too weak" to make a difference. They are "princes without principle," he said. King Sihamoni was not involved in politics, as he was "too scared."

17. (SBU) On the Human Rights Party (HRP), Rainsy said that Khem Sokha had initially capitalized on his work for the human rights center, but now people were less enthusiastic about HRP. At the same time members from FCP, NRP and even CPP were moving to the Sam Rainsy Party.

18. (SBU) Rainsy described in detail the latest democratic processes in the SRP, which now had elected representatives from some 11,000 villages nationwide (out of 13,000). The village councils selected commune council units, and the organization kept

going up from districts to provinces to the national level. Hence, the national party had become stronger and was attracting good leaders. A new generation of leaders was making SRP stronger, he said. The launch of an SRP youth movement was also strengthening the party. Two thirds of Cambodia's population was under 33 and in the national elections, 1.5 million voters would be first-time voters. This new group was very receptive to SRP's message on job creation, education, living conditions, and stronger rule of law, he remarked.

Less Election Violence; Khmer Rouge Tribunal

¶9. (SBU) Rainsy remarked that he was happy that the political climate was now marked by less violence, and this had showed that CPP had changed its strategy. They would manage the voter lists and might pressure some not to vote, he said. He requested that the international community help ensure open elections, including with some long-term observers. He strongly endorsed distribution of national ID cards as a method to protect voters' rights on polling day. He also worried that CPP would bring in those not entitled to vote on election day.

¶10. (SBU) On the Khmer Rouge Tribunal, Rainsy said that he regretted many at the lower level who "acted with zeal" were not being tried. He also noted that he was surprised to see the five KR leaders already detained and charged and thought they would not have been charged until after the July elections. The events of the KR era is embarrassing to the government and to China, he said, and SRP must make use of it.

¶11. (SBU) During a dinner for Grove's former interlocutors hosted by the Ambassador, neither Rainsy nor Kem Sokha seemed interested in reaching out to the other. Conversation between the two was minimal, although Rainsy -- addressing questions posed by civil society representatives -- asserted that the plethora of small parties competing in the election divides the vote and benefits the CPP. Rainsy continued a theme he raised in a smaller, pre-dinner meeting with Grove, expressing concern that the CPP has already won the election by disenfranchising potential voters and manipulating the voters' lists. He did, however, predict that there will be less political violence and outright fraud, reiterating that the CPP has changed its methods. Dinner guests agreed that Cambodia has become more open for people to express opinions and even complain about government officials by name. It is still a difficult place, with a complex political landscape, but change will come as people see their opportunities being limited by corruption and/or inept governance and begin to vocalize complaints.

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"Next Generation": Views on KRT, Leadership

¶12. (SBU) Theary Seng from the Center for Social Development (CSD) and Youk Chhang from the Documentation Center (DC-CAM) expressed the opinion that the Khmer Rouge Tribunal (ECCC) is playing a crucial role in shifting peoples' comfort with raising difficult subjects. Seng said public opinion shifted when the four additional arrests followed the (predictable) detention of Duch; up to that point, people didn't believe, but now the tribunal process had opened up a discussion which caused even former King Sihanouk publicly to address allegations. Grove noted some individuals with whom he spoke still did not believe, citing negative experiences with the corrupt Cambodian court system and doubting that the KRT could be different. Seng argued that the KRT was generating a new level of attention to rule of law issues and providing a context for discussions about Cambodian history, justice and human rights.

¶13. (SBU) The dinner guests also discussed the "next generation" of possible CPP leaders, focusing on the children of today's elite. Hun Sen's son Hun Manet was mentioned as playing an increased role. Grove had the opportunity to meet Manet prior to departure.

UNDP on Election Preparations

¶14. (SBU) At the UNDP's governance unit, Aamir Arain noted that the UNDP had opted out of a Ministry of Interior (MOI) program to erase presumed ghost voters from the voter registration lists, noting that complaints had reduced the 650,000-plus names down to 635,000 names.

He suspected at least 250,000 names slated to be erased were of eligible voters. He could not say how many of those 250,000 might be dual-registered and thus still have the right to cast a ballot on election day. But he characterized the evidence used to erase names as weak and used the phrase "calculated manipulation" to describe the efforts of local officials in the process.

¶15. (SBU) UNDP reviewed its ongoing efforts to get all eligible voters national ID cards by election day using U.S.-based Datacard company and high-technology identification software. UNDP has successfully moved the management of ID cards into the secure MOI compound, whereas before identities were in the private servers of private Chinese-owned companies. Arain said some 350,000 ID cards were produced but not distributed and that another 100,000 were still in the pre-production pipeline. (COMMENT: We understand that the UNDP is using its considerable budget leverage to push for speeding up national ID distribution. The embassy will continue to follow this issue closely and use its influence at high levels to ensure the best possible ID distribution. END COMMENT.)

¶16. (SBU) Noting the vulnerability of use of the temporary ID (form 1018) on election day, which are certified by commune chiefs (mostly CPP), Arain said UNDP would be helping with election observer training. On media, he explained that a 20-minute election program would air on national television each day during the one-month election campaign and that the NEC - not the government controlled stations - would allocate time on this prime-time show according to a formula that gives CPP and SRP about equal time, and the other parties lesser portions. Arain also described a one-hour "Equity" program being aired since November that covers election-related issues, and follows Monday lunchtime news and is repeated in a Sunday prime time slot. While not related to political parties, it has a strong community programming format and includes interviews with prominent parliamentarians (including Sam Rainsy). Given deficiencies and shortcomings in the electoral process to date, Arain said that the elections could not be described as "free and fair" but only as "operationally very good" -- assuming no major problems in the run up to the elections and on election day.

¶17. (SBU) Comment: One dinner guest, noting that the CPP appears to be quite popular with the youth, commented that expectations in Cambodia are quite low and things are going well. The real question as Cambodia moves forward is whether economic development, a decrease in political violence, and an increase in "political space" mean that a reasonably satisfied electorate supports the status quo perceived as bringing them these benefits or whether these changes can be shaped into opportunities by the political opposition. Unfortunately, the various parties of the opposition devote significant time and energy to sniping at each other. In a country with a complex formula for allocating seats in the National Assembly and where personal animosities play a large role in party decisions, the "real question" may never get asked and party sniping may leave a clear path for continued CPP dominance. In the meantime, it is important to continue to look for agents of change, like the lowly pig farmers, who are willing to speak up against corruption when it threatens their livelihood. Incremental progress can be achieved in just governance and economic growth, to the benefits of Cambodians, the region, and the U.S. But, it requires diligence and a clear and

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consistent U.S. policy shared by the executive and legislative branches. As the departing staffdel noted, "the opportunities are here."

Paul Grove has cleared this cable.

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